

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY



OVERSIGHT HEARING:
FINANCIAL MANAGEMENT STREAMLINING

OPENING STATEMENT OF
CHAIRMAN TODD RUSSELL PLATTS
JUNE 22, 2005

This hearing will be the first in a series of discussions on how best to consolidate, simplify, and streamline the laws that govern financial management for agencies of the U.S. government. More than 800 pages of statutory text – some of which dates back to the 1920s – governs the daily decisions of Federal managers. The result is overlapping, and sometimes obsolete, reporting requirements and wasted effort. The right financial management reform will ensure that government managers are accountable to taxpayers in the most effective manner possible so that tax dollars are spent for their intended purpose – not to generate useless reports or pay for unneeded overhead. The driving force behind financial management should be accountability, not the generation of reports and paperwork.

The long-term goal is legislation that would simplify, streamline and enhance the laws governing agency financial management. The Subcommittee has been pleased to work with an Advisory Panel from the National Academy of Public Administration, or NAPA composed of NAPA Fellows with expertise in financial, budgetary, and performance management as well as program operations. The Advisory Panel, working with the Subcommittee, has established the key issues involving the reform of Federal financial management practices and NAPA will provide witnesses for this hearing.

There are more than a dozen relevant Federal financial management laws and regulations within the Subcommittee's jurisdiction. These laws and regulations are primarily designed to increase financial accountability, enhance agency strategic focus, promote sound management through effective internal controls, provide for effective information technology deployment, facilitate debt collection activities, and encourage better asset management.

In passing these laws Congress sought simply to enhance the accountability and transparency of the Federal government. Each of these important laws, for the most part, was enacted on a stand-alone basis. Unfortunately this has created duplicity and overlap in certain areas. The Subcommittee believes that the time has come to review the entire universe of Federal financial management laws – looking at each law to ensure its relevancy to the core mission of providing accountability for the Federal government. It is no longer acceptable, or viable to look at internal controls in one silo, auditing and financial management in another, and performance measurement in yet another. These are all interrelated management concepts, which need to be brought together under a single unified statute so that rules and regulations are clearly delineated for Federal managers.

To further this goal, we are pleased to announce the formation of a Congressional Management Caucus. This bi-partisan, bi-cameral effort will provide a forum for debate on the issues that affect agency management – issues that are often overlooked. With the support of NAPA, the Congressional

Management Caucus will serve as a resource for Members and committees with issues or concerns about management and administration. The caucus will provide accurate facts and data for decision-making and will host educational programs to advance our agenda for improving public administration.

We are pleased to have with us here today three witnesses with extensive experience in this field. Representing the National Academy of Public Administration, we will hear from Mr. Morgan Kinghorn, NAPA's President and Mr. Ed DeSeve. Mr. Kinghorn and Mr. DeSeve, thank you both for your willingness to appear before the Subcommittee again and for your work with the NAPA working group. We are also pleased to hear from Mr. Ed Kearney, a Certified Public Accountant and President of Kearney & Company. We look forward to your testimonies.